

Message Text

LIMITED OFFICIAL USE

PAGE 01 BUENOS 05474 202120Z

11

ACTION ARA-10

INFO OCT-01 ISO-00 EB-07 COME-00 TRSE-00 OMB-01 AID-05

SP-02 CIAE-00 INR-07 NSAE-00 L-03 H-02 /038 W

----- 069900

R 202047Z AUG 76

FM AMEMBASSY BUENOS AIRES

TO SECSTATE WASHDC 6802

LIMITED OFFICIAL USE BUENOS AIRES 5474

E.O. 11652: N/A

TAGS: EINV, AR,

SUBJECT: ITT INVESTMENT PROBLEM

REF: BUENOS AIRES 4976

1. STANDARD ELECTRIC/ITT DISCUSSIONS WITH AD HOC HONORARY ADVISORY COMMISSION CONTINUED THROUGH FIRST TWO WEEKS AUGUST, BUT AGREEMENT FINALLY REACHED AND MINUTE OF UNDERSTANDING SIGNED BY CSEA PRESIDENT GABRIELLONI AND MEMBERS OF COMMISSION ON AUG. 16. GABRIELLONI HAD CONSULTED WITH ITT PRINCIPALS IN NEW YORK, INCLUDING ITT PRESIDENT GENEEN AND BOTH ITT AND CSEA SATISFIED THAT THE SETTLEMENT AS FAVORABLE AS COULD BE EXPECTED.

2. GIST OF AGREEMENT IS SETTLEMENT OF AMOUNT OWED TO CSEA FOLLOWING ARBITRARY CANCELLATION IN SEPTEMBER, 1974 OF ENTEL/ CSEA CONTRACT OF MARCH, 1969. CSEA IS TO RECEIVE 14.9 BILLION PESOS, OF WHICH 26 PERCENT IN NATIONAL ADJUSTABLE BONDS AND 74 PER CENT IN GOA EXTERNAL DOLLAR BONDS AT AGREED EXCHANGE RATE OF PS. 2.52 PER DOLLAR. TOTAL COMPENSATION EQUIVALENT TO \$59.3 MILLION AND IS TO BE MADE WITHIN 30 DAYS. IF PAYMENT NOT COMPLETED WITHIN THIRTY DAYS, VALUE OF AMOUNTS STILL DUE IS MAINTAINED BY INDEXING AGAINST NATIONAL STATISTICS INSTITUTE (INDEC) WHOLESALE PRICE INDEX. EMBASSY POUCHING COPY OF MINUTE FOR FURTHER DETAILS.

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 BUENOS 05474 202120Z

3. MINUTE MUST NOW BE APPROVED BY LEGISLATIVE ADVISORY COMMISSION

(CAL) AND THEN PROMULGATED IN FORM OF DECREE. GABRIELLONI CONSIDERS THAT APPROVAL IS NEARLY CERTAIN, GIVEN THE MAKE UP OF THE AD HOC COMMISSION AND CONSULTATIONS WHICH HAVE BEEN GOING ON BETWEEN THE COMMISSION AND THE MINISTRY OF ECONOMY AS NEGOTIATIONS PROGRESSED. AMONG MEMBERS OF THE COMMISSION, IT WILL BE RECALLED, WERE REPRESENTATIVES OF ALL THREE ARMED FORCES, THE PRESIDENT OF ENTEL AND A FOREIGN MINISTRY REPRESENTATIVE.

4. CSEA COMMERCAIL POSITION ALSO BEEN STRENGTHENED BY COPENING UP OF NEW POTENTIAL ORDERS FROM ENTEL, INCLUDING REQUEST FOR PROPOSAL ALREADY SENT TO CSEA FOR SUPPLY OF SWITCHING EQUIPMENT, BID POSSIBILITY ON CABLES AND OTHER MISCELLANEOUS CONTRACTS. IN ALL, GABRIELLONI ESTIMATES THAT, ASSUMING ALL GOES WELL, CSEA BY EARLY IN 1977 NOT ONLY WOULD HAVE ITS CURRENT WORK FORCE FULLY EMPLOYED, BUT WOULD BE HIRING ADDITIONAL PERSONNEL.

5. EMBASSY WILL REPORT IF ANY HITCHES DEVELOP.
CHAPLIN

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: DEBT REPAYMENTS
Control Number: n/a
Copy: SINGLE
Draft Date: 20 AUG 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: ShawDG
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976BUENOS05474
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D760320-1065
From: BUENOS AIRES
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19760835/aaaabefn.tel
Line Count: 80
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION ARA
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 76 BUENOS AIRES 4976
Review Action: RELEASED, APPROVED
Review Authority: ShawDG
Review Comment: n/a
Review Content Flags:
Review Date: 09 JUL 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <09 JUL 2004 by ElyME>; APPROVED <28 OCT 2004 by ShawDG>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: ITT INVESTMENT PROBLEM
TAGS: EINV, AR, ITT, CSEA
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006